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SUBJECT: Emigration Tightens Poland's Labor Markets: "Will the Last Person to Leave Poland Please Turn out the Lights?"

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Summary and Introduction  
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1. That Poles are leaving Poland in search of jobs and higher wages in other countries is nothing new. For Poland this is merely *le premier*, yet another wave of emigration, another generation of young Poles leaving the country in search of better opportunities elsewhere. Past migrations of Poles have largely been to the United States and Canada and to a lesser extent to Germany, the UK and other European nations. In May 2004 Ireland, Great Britain and Sweden opened their borders to workers from the new Eastern European EU members and since then, hundreds of thousands of workers have migrated to those countries, the majority coming from Poland. The United Kingdom in particular grew in popularity as a destination for Polish job-seekers. The recent Polish migration, however, has been a cause of contention at home as citizens question the potential consequences of such a mass exodus. Companies fear losing the best and the brightest to foreign firms. Government officials along with intellectuals cite the possibility of a national "brain drain." These issues have been the subject of many newspaper articles and even prompted one British journalist to write, "Will the last person to leave Poland please turn out the lights?"

2. Western firms today increasingly believe wage differentials between Poland and Western Europe will narrow more rapidly than previously expected due to the competition for labor from Western European markets. Furthermore, the collapse of Polish birth rates

after 1989 means the number of new entrants to the labor force will shrink dramatically in the next ten years, further tightening Poland's labor market. This bodes well for Poland's workers who could find themselves in a sellers' market after decades of high unemployment.

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#### Emigration of the Third Generation

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13. This newest wave of migration is considered to be different from previous ones and has been dubbed "emigration of the third generation" by the Polish newspaper Gazeta Wyborcza. One of the reasons that this emigration is seen as different is because Poland's economic and political situation is vastly improved over what it was during past migrations. Since Poland is no longer under communist rule and has formally been accepted as a member of Europe, in theory there is nothing for Poles to run away from. The current emigration is seen as an opportunity for Poles to learn about technology and best practices from other European nations and bring their experiences from abroad back to Poland. While it is unclear if, in the long run, Poles will decide to return to Poland or if they will be able to apply the skills they learn, that is the hope.

14. Living in the information age means that emigrants no longer have to break off all contact with Poland once they leave. Inexpensive international calling plans and the internet make it easy for emigrants to stay in touch with family, friends and Polish culture. Also, bargain airlines such as Wizzair, Central Wings and Sky Europe have appeared over the past couple of years and offer cheap flights connecting Eastern European cities, including 10 Polish cities, with the rest of Europe. These airlines have facilitated Polish emigration because they have made it easier than ever to travel back and forth between Poland and places of employment. Moreover, budget airlines have made it economically viable for Poles to take jobs abroad as temporary or seasonal workers, while still giving them a quick and affordable means of returning home.

15. The exact numbers of how many people have left is unknown because the borders are open and anyone who wants to leave or return can do so freely. In April 2006, the Irish Personal Public Service officially reported that there were 140,000 Poles in Ireland, but unofficial estimates place the number at about 200,000. These figures would make Poles the largest minority in Ireland, representing at least 3 percent of its population. Between May 2004 and March 2006, Great Britain reported that approximately 230,000 Poles applied and were accepted under its worker registration scheme. This number, however, is an underestimate of how many Poles actually live and work in Britain, because dependants and workers who are self-employed do not need to register. Some Poles guess more than 500,000 people may have left the country since May 2004, and more are joining them each month.

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#### Model Immigrants

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16. Poles and other recent Eastern European migrants are overwhelmingly considered to be "model immigrants" by their new employers and governments. Many British and Irish companies target and recruit Polish workers through newspapers ads and internet websites. In the UK, Polish workers are known for their ambition, focus and strong work ethic. Polish carpenters and other manual laborers and known be well qualified and to do their jobs well at relatively low cost. Even though Poles in the UK are entitled to social benefits as EU citizens, they very rarely claim any. The Irish feel they have a lot in common with Poles, sharing a common religion and a history of economic and political hardship. Polish immigrants - Christian and ethnically European -- tend to blend quickly into Western European cities.

17. The courting of Polish workers is not over yet. This past June, Scottish Minister of Finance and Public Service Reform Tom McCabe came to Warsaw to encourage workers to go to Scotland as part of its 'Fresh Talent Initiative.' During his visit he introduced a new information guide for Poles about living in Scotland. Posters in

Warsaw's Metro also advertise szkocja.net, a website in Polish with informational articles, job announcements and a discussion forum geared toward Poles already in Scotland or those thinking about moving there. On May 1, 2006, Spain, Portugal and Finland also opened up their borders to the new Eastern European EU nations. Everyone, it seems, wants a piece of the Polish pie.

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#### From Polish Plumbers to Polish Dentists

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¶18. Most Polish emigrants find unskilled jobs abroad, working in hospitality, manufacturing, construction or agriculture and make little more than minimum wage. Some of the emigrants who take these types of jobs are in fact, unskilled and lack a college degree. Others possess university degrees, but still choose to take unskilled jobs because they can earn more working as a waiter or security guard abroad than working in their profession in Poland. This group of emigrants is one that hopes to eventually move up the economic ladder, find a higher paying job with more responsibility, start their own business, find a job in their field or just earn some money and return to Poland. Many Poles also go to work abroad on a seasonal basis such as students working summer jobs and agricultural workers. Beginnings for emigrants are often difficult and horror stories of emigrants being taken advantage of by their employers are not unheard of. However, there is a general sense that Polish workers have been well treated in Ireland, the UK, and Scandinavia

¶19. Poles believe that one reason that Britain, Ireland and Sweden agreed to open their borders to workers from new EU members in 2004 was because they had low levels of unemployment and numerous job vacancies in their labor markets. Many job openings were in the service sector and Poles were seen as taking jobs that were hard to fill and ones that others were not willing to take. However, teachers, police officers, nurses, doctors, dentists and other jobs that required higher education and English language skills were also in short supply. Thus, while the majority of Poles that leave fit the "Polish plumber" stereotype, there is also a substantial Polish minority who go abroad to work well-paid, skilled jobs in their chosen profession.

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#### Symptoms of a Larger Problem

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¶10. Doctors, dentists and nurses have been particularly sought after in the UK, which is experiencing a shortage of healthcare professionals. Polish doctors and nurses are a good fit because Poland's healthcare system is similar to Britain's and Polish doctors receive comparable training. All things considered, Polish healthcare workers have considerable incentives to work abroad and hundreds if not thousands have done just that.

¶11. Reports show that a doctor's average monthly salary in Poland ranges from about 1500 to 2300 Zloty (\$500- \$750) and a young doctor who is doing his or her residency may earn about half that. Nurses can make as little as 1000 Zloty (\$325) a month, before taxes. Doctors and nurses in other EU countries can earn up to ten times these amounts. Even though the cost of living in Poland is lower, Polish doctors are often forced to work second or even third jobs, working 100 hour weeks to support their families. Even single doctors and nurses find it difficult if not impossible to live off of their wages alone, a situation that has many doctors to accept bribes for providing quality or expedited service in the public Polish healthcare system.

¶12. Recent strikes and protests by healthcare workers throughout Poland have only reminded the Polish government of the desperate need for healthcare reform. Poland currently spends slightly less than 4% of its GDP on its public health system, less than any other EU country. This past June healthcare workers demanded an immediate 30% pay raise followed by a 100% pay raise in 2007. The government answered by promising that improvements to the health care system would be made, including higher salaries for workers. In the meantime, many Polish healthcare workers have decided to vote with their feet; As of January 2006, approximately 600 Polish dentists and at least that many doctors have registered to work in Great

Britain.

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Brain Drain or Brain Gain?  
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¶13. No government likes to see its citizens, especially highly educated individuals, leave in such large numbers as the Poles have. Much of the discussion surrounding the recent emigration has centered on whether or not Poland is experiencing a "brain drain," in which its brightest, most innovative and most ambitious citizens are the ones leaving. Many economists believe it is in Poland's best interest to keep these people in the country, because they are a source national wealth, often willing to take risks and to challenge the system. Emigrants mostly leave for economic reasons but money is surely not everything. Many cite the wider range of opportunities available to them in other countries and greater possibilities for advancement as motivating factors.

¶14. The fact is that the vast majority of Poles who leave are young; many of them are also college educated. So a "brain drain" does occur when they leave, because Poland's economy and society lose the benefits of their intellect and ambition. However, if these individuals return, Poland undergoes a "brain gain" because emigrants come back with new experiences and knowledge in a number of different fields. Poles learn industry best practices while they are abroad and can apply their new skills when they return. In addition, Poles who return from more developed democracies tend to demand more from their government in the areas of accountability and transparency. Thus the "brain drain" may eventually result in a "brain gain" if Polish emigrants return to Poland. Nonetheless, how many Poles will choose to come back and how many will stay away is yet to be seen.

¶15. Rafal Dutkiewicz, the president of Wroclaw, a city in southwestern Poland that has recently been experiencing high levels of growth, decided to take the emigration issue into his own hands. Dutkiewicz believes that creating opportunities and the possibility of a bright future for young Poles in Poland is vital for the county's continued development. Earlier this year he initiated a campaign to entice emigrants to return to Poland, posting an advertisement in Polish saying, "Wroclaw also has jobs. We need you!" on a billboard in London.

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Comment  
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¶16. Undoubtedly, one of the reasons that so many Poles are leaving is the high unemployment rate and lack of opportunities for college graduates in Poland. Even though the Polish unemployment rate has dropped to 15.7% from its high of nearly 20% just a few years ago, it is still the highest in the EU. What Poles themselves will attest to is that not only is there unemployment in Poland, but there is also underemployment and badly paid employment. A person who truly wants a job can most likely find one, but it may not be in his or her profession, may require a lower level of education, and may not pay a living wage. Part of the employment problem in Poland seems to be that the jobs available do not match the skills that Poles possess and that proper economic incentives are not in place. This situation has been one of the causes of the considerable black market and informal economy in Poland. People go overseas to make money and many of them are frustrated because they feel that they have no other option.

¶17. Private sector firms report that more and more young Poles are willing to accept long-term employment in Western Europe. Rapidly expanding Polish family and social networks in Western European cities like Dublin and London makes it ever easier for newcomers to find a place to live and that key first job. As a result, private sector firms now report growing shortages of skilled labor in Poland. Polish building firms, in particular, are now chronically short of skilled workmen, while shipyards lack welders. Plumbers, welders, masonry workers, roofers, and electricians can easily find work at relatively high wages in Western Europe. The result has been growing wage pressure in the building trades and increased lobbying by local firms to be allowed to bring in workers from the Ukraine. One shipyard welding subcontractor responded to the

skilled labor shortage by bringing in welders from North Korea, an action which generated considerable controversy due to the apparently miserable living conditions and low wages received by North Korean guest workers in Poland.

¶18. Western firms today increasingly believe wage differentials between Poland and Western Europe will narrow more rapidly than previously expected due to the competition for labor from Western European markets. Furthermore, the collapse of Polish birth rates after 1989 means the number of new entrants to the labor force will shrink dramatically in the next ten years, further tightening Poland's labor market. This bodes well for Poland's workers who could find themselves in a sellers' market after decades of high unemployment.